

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2020



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Team Success A School of Excellence, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL AND OTHER HIGHLIGHTS

- ❖ On March 27, 2020, the President of the United States of America signed the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act offers, in part, stimulus funds in the form of forgivable loans, and modifications of tax provisions previously passed in the Tax Cuts and Jobs Act. The uncertainty of the pandemic required Schools to move to distance learning for end of the School year.
- ❖ For the fiscal year ended June 30, 2020, the School's expenses exceeded revenues by approximately \$197,000.
- ❖ The School ended the year with approximately \$793,000 in net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for not directly related to the School's mission. For the year ended June 30, 2020, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts annual budgets for its general fund and special revenue fund as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show three columns: 1) the original and final budget as adopted by the board, 2) the actual resources, charges and ending balances in the general fund, and 3) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2020 and 2019 are summarized as follows:

	2020	2019	Change
Assets:			
Current assets	\$ 1,476,155	\$ 948,366	\$ 527,789
Capital assets, net	917,085	526,813	390,272
Total assets	2,393,240	1,475,179	918,061
Liabilities:			
Current and other liabilities	610,742	485,158	125,584
Long term liabilities	989,500	-	989,500
Total liabilities	1,600,242	485,158	1,115,084
Net Position:			
Investment in capital assets, net of related debt	917,085	526,813	390,272
Restricted			
Food services	258,676	243,062	15,614
Unrestricted	(382,763)	220,146	(602,909)
Total net position	\$ 792,998	\$ 990,021	\$ (197,023)

The change in current assets is due to an increase in cash and accounts receivables. Capital assets increased due to construction in progress additions in the current year. Current and other liabilities increased due to an increase in accounts payable and payroll liabilities. The change in long term liabilities is due to additional borrowings in the current year. The change in total net position is due to the results of current year operation deficit.

Change in Net Position

The School's total expenses exceeded revenues by approximately \$197,000 in fiscal year 2020—see table below.

	2020	2019	Change
Revenues:			
Federal sources	\$ 1,063,998	\$ 1,280,953	\$ (216,955)
State and local sources	8,073,929	6,825,075	1,248,854
Contributions and other Revenues	304,017	31,964	272,053
Total revenues	<u>9,441,944</u>	<u>8,137,992</u>	<u>1,303,952</u>
Expenses:			
Instruction	3,807,711	3,626,590	181,121
Pupil personnel services	404,196	221,726	182,470
Board	149,524	60,558	88,966
General administration	35,667	116,585	(80,918)
School administration	3,057,825	2,220,345	837,480
Fiscal services	24,250	-	24,250
Food services	613,233	545,167	68,066
Transportation services	184,238	20,254	163,984
Operation of plant	1,362,323	940,582	421,741
Total expenses	<u>9,638,967</u>	<u>7,751,807</u>	<u>1,887,160</u>
Special Item			
Misappropriations of assets	<u>-</u>	<u>(103,074)</u>	<u>103,074</u>
Change in net position	<u>\$ (197,023)</u>	<u>\$ 283,111</u>	<u>\$ (480,134)</u>

State and local sources increased due to an increase in student enrollment. The School's enrollment increased to 902 students at the end of 2020, an increase of 17 percent from prior year. The change in instruction, school administration and operation of plant is due to an increase in salaries and related benefits due to the increase in student population.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unrestricted fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of approximately \$865,000.

General and Special Revenue Funds Budgetary Highlights

Budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; 3) changes in appropriations that become necessary to maintain services.

In the general fund, the actual total revenues were less than budgeted amounts by approximately \$465,000. Expenditures were approximately \$224,000 more than budgeted amounts.

In the special revenue fund, total budgeted revenue exceeded budgeted by approximately \$570,000. Budgeted expenditures exceeded actual amounts by approximately \$234,000, primarily due to unbudgeted expenses during 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal 2020, the School had invested approximately \$917,000, in capital assets, net of accumulated depreciation of approximately \$353,000.

	Governmental Activities		
	2020	2019	Change
Capital assets:			
Furniture, fixtures and Equipment	\$ 285,762	\$ 263,774	\$ 21,988
Leasehold improvements	100,488	100,488	-
Vehicles	26,214	26,214	-
Land	50,000	50,000	-
Construction in Progress	808,366	418,397	389,969
Total	1,270,830	858,873	411,957
Accumulated depreciation	(353,745)	(332,060)	(21,685)
Capital assets, net	\$ 917,085	\$ 526,813	\$ 390,272

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

Long-term liabilities increased by approximately \$990,000 due additional borrowing provided by the PPP loan program. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2021

Amounts available for appropriation in the general fund will be approximately \$8.2 million, an increase of approximately \$430,000 from fiscal 2020 actual revenues. The change is due to the anticipated increase in student enrollment.

Budgeted expenditures are expected to decrease to approximately \$7.8 million, a decrease of approximately \$168,000. The change is due to a conservative budget.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal 2021.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 202 13th Avenue East, Bradenton, FL 34208



McCrary & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of Team Success A School of Excellence, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Team Success A School of Excellence, Inc. (the "School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules information and pension liability on pages 1-6 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Statement of Net Position

June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,281,941
Due from other agencies	124,105
Prepaid expenses	70,109
Capital assets:	
Land	50,000
Construction in Progress	808,366
Furniture, fixtures, and equipment	285,762
Leasehold improvements	100,488
Vehicles	26,214
Less accumulated depreciation	<u>(353,745)</u>
Total capital assets, net	<u>917,085</u>
Total assets	<u><u>\$ 2,393,240</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 560,742
Line of credit	50,000
Long-term liabilities:	
Portion due or payable within one year:	
Note payable	437,943
Portion due or payable after one year:	
Note payable	<u>551,557</u>
Total liabilities	<u>1,600,242</u>
NET POSITION	
Invested in capital assets, net of related debt	917,085
Restricted	
Food services	258,676
Unrestricted	<u>(382,763)</u>
Total net position	<u><u>\$ 792,998</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Statement of Activities

For the Year Ended June 30, 2020

	Program Specific Revenues				Net (Expenses) Revenues and Changes in Net Position	
		Charges for	Operating	Capital	Governmental	
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Total
Governmental Activities:						
Instruction	\$ 3,807,711	\$ -	\$ 446,004	\$ -	\$ (3,361,707)	\$ (3,361,707)
Pupil personnel services	404,196	-	-	-	(404,196)	(404,196)
Board	149,524	-	-	-	(149,524)	(149,524)
General administration	35,667	-	-	-	(35,667)	(35,667)
School administration	3,057,825	-	-	-	(3,057,825)	(3,057,825)
Fiscal services	24,250	-	-	-	(24,250)	(24,250)
Food services	613,233	-	617,994	-	4,761	4,761
Transportation services	184,238	-	-	-	(184,238)	(184,238)
Operation of plant	1,362,323	-	-	596,550	(765,773)	(765,773)
Total primary government	<u>\$ 9,638,967</u>	<u>\$ -</u>	<u>\$ 1,063,998</u>	<u>\$ 596,550</u>	<u>(7,978,419)</u>	<u>(7,978,419)</u>
General revenues:						
State and local sources					7,477,379	7,477,379
Contributions and other revenues					304,017	304,017
Total general revenues					7,781,396	7,781,396
Net changes in net assets					(197,023)	(197,023)
Net position at beginning of year					990,021	990,021
Net position at end of year					\$ 792,998	\$ 792,998

The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,023,265	\$ -	\$ 258,676	\$ 1,281,941
Due from other agency	16,628	51,952	55,525	124,105
Prepaid expenses	70,109	-	-	70,109
Due from capital projects fund	51,952	-	-	51,952
Due from special revenue fund	55,525	-	-	55,525
Total assets	<u>\$ 1,217,479</u>	<u>\$ 51,952</u>	<u>\$ 314,201</u>	<u>\$ 1,583,632</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 560,742	\$ -	\$ -	\$ 560,742
Line of credit	50,000	-	-	50,000
Due to general fund	-	51,952	55,525	107,477
Total liabilities	<u>610,742</u>	<u>51,952</u>	<u>55,525</u>	<u>718,219</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	70,109	-	-	70,109
Restricted:				
Food services	-	-	258,676	258,676
Spendable:				
Unassigned	536,628	-	-	536,628
Total fund balances	<u>606,737</u>	<u>-</u>	<u>258,676</u>	<u>865,413</u>
Total liabilities and fund balances	<u>\$ 1,217,479</u>	<u>\$ 51,952</u>	<u>\$ 314,201</u>	<u>\$ 1,583,632</u>

The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2020

Total fund balances - governmental funds	\$	865,413
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,270,830 and the accumulated depreciation is \$353,745.		917,085
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Note payable		<u>(989,500)</u>
Total net position - governmental activities	\$	<u>792,998</u>

The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 1,063,998	\$ 1,063,998
State and local sources	7,477,379	596,550	-	8,073,929
Contributions and other revenues	304,017	-	-	304,017
Total revenues	7,781,396	596,550	1,063,998	9,441,944
EXPENDITURES				
Current:				
Instruction	3,354,374	-	446,004	3,800,378
Pupil personnel services	404,196	-	-	404,196
Board	149,524	-	-	149,524
General administration	35,667	-	-	35,667
School administration	3,057,825	-	-	3,057,825
Fiscal services	24,250	-	-	24,250
Food services	-	-	602,380	602,380
Transportation services	180,739	-	-	180,739
Operation of plant	765,773	596,550	-	1,362,323
Capital outlay	-	411,957	-	411,957
Total expenditures	7,972,348	1,008,507	1,048,384	10,029,239
Excess (deficiency) of revenue over expenditures	(190,952)	(411,957)	15,614	(587,295)
OTHER FINANCIAL RESOURCES				
Proceeds from the issuance of debt	989,500	-	-	989,500
Transfer in	-	411,957	-	411,957
Transfer out	(411,957)	-	-	(411,957)
Total other sources	577,543	411,957	-	989,500
Net changes in fund balances	386,591	-	15,614	402,205
Fund balances at beginning of year	220,146	-	243,062	463,208
Fund balances at end of year	\$ 606,737	\$ -	\$ 258,676	\$ 865,413

The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds	\$	402,205
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$411,957) exceeds depreciation expense (\$21,685) in the current period.		390,272
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Proceeds from the issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount borrowed is reported as an increase in long-term liabilities		(989,500)
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Change in net position of governmental activities	\$	(197,023)
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The accompanying notes to financial statements are an integral part of this statement.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2020

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Team Success A School of Excellence, Inc. (the "School") is a not-for-profit corporation organized pursuant to chapter 617, Florida Statutes, the Florida Not-for-Profit Corporation Act and Section 1002.22, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is composed of at least five members.

The general operating authority of the School is contained in Section 1002.22, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Manatee County Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

Charter Contract

The current charter expires June 30, 2030 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education FDOE.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function; therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds received are established by law while others are created by grant agreements. The following are the major individual governmental funds that are reported in these fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

For the purpose of these statements, the general, capital projects and special revenue funds are considered major funds.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases, if any, are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents and Investments

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As State of Florida Statutes and the School's policy require, all deposits be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2020.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Furniture, fixtures, and equipment	3 – 5
Leasehold improvements	3 – 20
Vehicles	7

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings, if any, that are attributed to the acquisition or improvement of those assets.
- Restricted - consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) that are legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balances not included in the general funds are classified as restricted fund balance. It is possible for the amounts not included in the general fund to be classified as restricted fund balance. It is possible for the amounts not included in the general fund to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations are provided primarily from the District School Board of Manatee County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.22, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2020, the School reported 902.43 unweighted FTE.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2020.

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The effective implementation date is June 30, 2021.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

In June 2018, the GASB issued Statement No. 89, Capitalized Interest. GASB would now require interest costs incurred during the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2021.

The GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic. This pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the
District School Board of Manatee County, Florida

Notes to Financial Statements

(continued)

3 DUE FROM OTHER AGENCIES

Due from other agency included in the accompanying financial statements includes approximately \$56,000 from various federal funding agencies and \$52,000 from capital projects fund. Management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

4 CAPITAL ASSETS

Capital assets as of June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture, fixtures & equipment	\$ 263,774	\$ 21,988	\$ -	\$ 285,762
Leasehold improvements	100,488	-	-	100,488
Vehicles	26,214	-	-	26,214
Land	50,000	-	-	50,000
Construction in progress	418,397	389,969	-	808,366
Totals	858,873	411,957	-	1,270,831
Accumulated depreciation:				
Furniture, fixture & equipment	(226,936)	(18,186)	-	(245,122)
Leasehold improvements	(100,487)	-	-	(100,487)
Vehicles	(4,637)	(3,499)	-	(8,136)
Total accumulated depreciation	(332,060)	(21,685)	-	(353,745)
Capital assets, net	\$ 526,813	\$ 390,272	\$ -	\$ 917,085

Depreciation expense:

Instruction	\$ 7,333
Food services	10,853
Transportation	3,499
Total governmental activities	
2020 depreciation expense	\$ 21,685

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

5 LONG-TERM LIABILITIES AND CREDIT OBLIGATIONS

Long-term liabilities

In April 2020, the School entered into a note payable with Regions Bank, as lender, in the amount of \$989,500. The School received this loan pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES) which is funded by Small Business Administration. The School anticipates using all the proceeds for eligible expenses and, therefore, expects substantially all of the loan will be forgiven based on the requirements.

Paycheck Protection Program. The terms of the note provide for no principal or interest payments for the first six months. Commencing on the seventh month monthly principal and interest payment of approximately \$55,000 through December 2022, with a fixed interest rate of 1% per annum.

Future debt service related to the long-term liabilities is as follows as of June 30, 2020:

<u>For Ended June 30,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 437,943	\$ 5,321	\$ 443,264
2022	551,557	2,253	553,810
Total	<u>\$ 989,500</u>	<u>\$ 7,574</u>	<u>\$ 997,074</u>

There was no interest paid in the current year.

Lines of credit

The School entered into a \$250,000 revolving line of credit with a financial institution during August 2019. Borrowings on the line are payable on demand and bears interest at the 4.75%. The School has the ability to borrow, repay and re-borrow up to the maturity date of September 2020, unless otherwise extended by the lender. As of June 30, 2020, the School had an outstanding balance of \$50,000.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Manatee County, Florida:

Florida Education Finance Program	\$ 4,059,403
Class size reduction	1,015,373
Discretionary millage funds	890,620
Capital outlay	568,964
Discretionary local effort	539,894
Transportation	234,585
Supplemental academic instruction	227,280
Miscellaneous allocation	109,843
ESE guaranteed allocation	93,610
Teacher recognition	77,524
Instructional materials	69,650
Safe schools	54,854
Reading allocation	38,863
Total funds compression	36,070
Local capital outlay	27,586
Mental health assistance	23,463
Digital classroom allocation	5,161
Discretionary lottery funds	882
Teacher lead	304
Total	<u><u>\$ 8,073,929</u></u>

The administrative fee paid to the School Board during the year ended June 30, 2020 totaled approximately \$35,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

7 MANAGEMENT CONTRACT

The School has entered into a contractual agreement with Team Success Schools, LLC to provide management, administrative and transportation services to the School. The management agreement commenced March 1, 2018 and expires June 30, 2030. The fees to be paid to the management company will be \$1,950 per full-time equivalent student enrolled at the School. The fee for services is subject to an increase of up to 5% each fiscal year, if the budget allows and all performance measures and other requirements are met. In return for the fees, Team Success Schools, LLC shall be responsible for providing management services in the areas of financial operations, facility and equipment procurement and maintenance, curriculum assessment and evaluation, technology and operational support, human resources, student recruitment and provide transportation services to the Charter School.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

The contract may be terminated by the School for termination or non-renewal of the charter with the School board and for material breaches of contract terms which have not been cured within ten days of written notice at the time of the contract breach.

For the year ended June 30, 2020, the School incurred approximately \$1,504,000 of management fees and is reflected as a general administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

8 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

9 COMMITMENTS AND CONTINGENT LIABILITIES

In response to the order by the Governor of Florida and in response to the coronavirus (COVID-19) pandemic, in March 2020, most local business and Schools were required to close operations indefinitely or temporarily in order to attempt to slow the spread of the virus. The School does not know the overall financial effects, at this time, on its operation from COVID-19 pandemic

Facility lease commitments

The School has entered into a lease agreement commencing on August 1, 2016 and ending July 31, 2026 with Police Athletic League. For the year ended June 30, 2020, rental expense for the lease was approximately \$987,000 which is reflected as an operation of plant expense/expenditure in the statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds. This amount also includes the leased modular classrooms in the amount of \$24,000 per month. Future lease commitments are as follows;

Fiscal Year		
2021	\$	435,680
2022		444,430
2023		453,281
2024		462,347
2025		471,594
2026		481,026
Total	\$	<u>2,748,358</u>

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Notes to Financial Statements

(continued)

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as year end may be impaired.

Management also believes there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

10 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

11 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 25, 2020 which is the date the financial statements were available to be issued.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.**A Charter School and Component Unit of the
District School Board of Manatee County, Florida****Required Supplementary Information****Budgetary Comparison Schedule - General Fund****For the Year Ended June 30, 2020**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	\$ 8,214,716	\$ 8,214,716	\$ 7,477,379	\$ (737,337)
Contributions and other revenues	31,535	31,535	304,017	272,482
Total revenues	8,246,251	8,246,251	7,781,396	(464,855)
EXPENDITURES				
Instruction	3,268,319	3,268,319	3,354,374	86,055
Pupil personnel services	301,196	301,196	404,196	103,000
Board	33,000	33,000	149,524	116,524
General administration	35,000	35,000	35,667	667
School administration	3,240,934	3,240,934	3,057,825	(183,109)
Fiscal services	-	-	24,250	24,250
Transportation services	1,000	1,000	180,739	179,739
Operation of plant	868,650	868,650	765,773	(102,877)
Total expenditures	7,748,099	7,748,099	7,972,348	224,249
Excess (deficiency) of revenue over expenditures	498,152	498,152	(190,952)	(689,104)
OTHER FINANCIAL RESOURCES				
Proceeds from the issuance of debt	-	-	989,500	989,500
Transfer out	(91,000)	(91,000)	(411,957)	(320,957)
Total other resources	(91,000)	(91,000)	577,543	668,543
Net changes in fund balances	407,152	407,152	386,591	(20,561)
Fund balances at beginning of year	220,146	220,146	220,146	-
Fund balances at end of year	\$ 627,298	\$ 627,298	\$ 606,737	\$ (20,561)

See report of independent auditors.

TEAM SUCCESS A SCHOOL OF EXCELLENCE, INC.

**A Charter School and Component Unit of the
District School Board of Manatee County, Florida**

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Federal sources passed through local school district	\$ 1,633,236	\$ 1,633,236	\$ 1,063,998	\$ (569,238)
Total revenues	1,633,236	1,633,236	1,063,998	(569,238)
EXPENDITURES				
Current:				
Instruction	659,562	659,562	446,004	(213,558)
Food services	622,849	622,849	602,380	(20,469)
Total expenditures	1,282,411	1,282,411	1,048,384	(234,027)
Net changes in fund balances	350,825	350,825	15,614	(335,211)
Fund balances at beginning of year	243,062	243,062	243,062	-
Fund balances at end of year	\$ 593,887	\$ 593,887	\$ 258,676	\$ (335,211)

See report of independent auditors.



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
On an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

To the Board of Directors of Team Success A School of Excellence, Inc.,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund for Team Success A School of Excellence, Inc., a Charter School and Component Unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued a separate report thereon dated September 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



McCrary & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors of Team Success A School of Excellence, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County Florida

Report on the Financial Statements

We have audited the financial statements of Team Success A School of Excellence, Inc. (the "School") as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 25, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, September 25, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions to address the findings and recommendations were not implemented until later in the fiscal year due to the timing of the delivery of the report.

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Team Success A School of Excellence, Inc.

Financial Condition and Management

Sections 10.854(1)(e)2., and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and Manatee County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 25, 2020

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Preceding Findings, Recommendations and Other Matters-Corrected

Section II – Financial Statement Findings

Finding 2019-1 - Segregation of Duties

The above material weakness has been resolved as of June 30, 2020. Policies and procedures regarding internal controls and segregation of duties policies were addressed by the board of directors after last year's audit identified these deficiencies. During our audit procedures, it was noted that signature stamps are no longer permitted. Also, noted was each invoice is reviewed by the same requester, Business Director, and Head of School and given appropriate approval before payment. The board was also very involved in making Policies, Procedures and Decisions.

Finding 2019-2 - Management Override of Internal Controls

The above issued has been resolved as of June 30, 2020. The school hired an outside accountant to provide timely monthly bank reconciliations and resolve outstanding bank reconciling items. During our audit procedures, we noted all bank reconciliations were completed and there were no significant unusual reconciling items. It was also noted, during our audit procedures, that signature stamps are no longer permitted.

Finding 2019-3 – Documentation Surrounding the Disbursement Process for the General Fund

The School created a Business department so that there is more control over the disbursement process. There are more employees that are involved in the process which provided more controls. Therefore, we consider this issue was resolved as of June 30, 2020.

Finding 2019-4 –Use of Credit Cards Issued to Management and Employees

We recommend the Board of Governance develop policies surrounding the use of any credit cards including reduction of credit, minimizing the number of payers as well as recipients of the cards. In addition, they should review and establish specific proper documentation. As of June 30, 2020, it has been noted that credit card limits and issuance were reviewed by the Board and is closely monitored.